

# **REPEAL OF FILM EXPENDITURE CREDIT, FILM INVESTMENT CREDIT, AND FILM INCOME EXCLUSION**

## **Prior Law**

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There were two tax credits available to film projects approved by the Film Office of the Iowa Economic Development Authority. One credit equaled 25% of a taxpayer's qualified expenditures in a film project, and the other credit equaled 25% of a taxpayer's investment in a film project. Tax credit certificates were issued by the Economic Development Authority reflecting the amount of these tax credits. These tax credit certificates were transferable, and the transferred tax credit certificates were issued by the Department of Revenue. These credits were nonrefundable, and could be carried forward for five taxable years.

In addition, Iowa residents or Iowa-based businesses who earned income from qualified expenditures which qualified for the tax credit could exclude this income on their Iowa individual or corporation income tax returns to the extent this income was included on their federal income tax return.

## **New Provisions**

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The film qualified expenditure tax credit, film investment tax credit and the film income exclusion were repealed. The Film Office is now part of the Iowa Department of Cultural Affairs. Any tax credits or income exclusions related to contracts or agreements entered into before May 25, 2012 will still be allowed.

## **Sections Amended**

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Section 29 of 2012 Iowa Acts House File 2337 amends section 2.48, subsection 3, paragraph c, subparagraph (5) by striking the subparagraph. Section 30 amends section 15.119, subsection 2, paragraph b, Code Supplement 2011 by striking the paragraph. Section 33 amends section 422.7, subsection 52, Code Supplement 2011, by striking the subsection. Section 34 amends section 422.33, subsections 23 and 24, Code Supplement 2011, by striking the subsections. Section 35 amends section 422.35, subsection 23, Code Supplement 2011 by striking the subsection. Section 36 amends section 422.60, subsections 10 and 11, Code Supplement 2011, by striking the subsections. Section 38 repeals sections 15.391, 15.392, 15.393, 422.11T, 422.11U, 432.12J, and 432.12K, Code and Code Supplement 2011.

## **Effective Date**

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Retroactive to January 1, 2012, for tax years beginning on or after that date.